

# STATE OF NEBRASKA

OFFICE OF THE GOVERNOR  
P.O. Box 94848  
Lincoln, Nebraska 68509-4848  
Phone: (402) 471-2244  
mjohanns@notes.state.ne.us



Mike Johanns  
Governor

## MEMORANDUM

DATE: January 15, 2002  
TO: All Agencies, Boards and Commissions  
FROM: Governor Mike Johanns  
RE: 2001-03 Mid-Biennium Budget Adjustments

On July 13, 2001, I asked all State agencies, boards, and commissions, along with their elected and appointed members and directors, to exercise enhanced spending restraint with regards to the obligation or expenditure of State financial resources. That communication was issued shortly after the Tax Commissioner reported that actual tax receipts for fiscal year 2000-01 were less than forecasted. We later learned that federal tax law changes and a general slowdown in economic growth would reduce tax receipt forecasts.

I called for an early meeting of the Nebraska Economic Forecasting Advisory Board in October 2001 to review current biennium tax receipt forecasts. The Board reduced our tax receipt forecasts for the current biennium. The combination of lower fiscal year 2000-01 receipts, federal tax law changes, and revised forecasts for the current biennium resulted in a budget imbalance for the current biennium of approximately \$220 million. I called the Nebraska Legislature into special session to consider over \$170 million in budget actions, including reductions in general fund appropriations for both fiscal years 2001-02 and 2002-03. The Legislature enacted budget changes totaling over \$170 million. There remains an estimated \$50 million budget imbalance for the current budget biennium. In addition, we have received supplemental (deficit) general fund appropriation requests totaling \$30 million.

Today, in my State of the State address to the Nebraska Legislature, I will offer specific recommendations regarding the various deficit requests and the continuing budget imbalance. My recommendations will call for further budget actions that reduce the continuing budget imbalance from \$50 million to approximately \$27.5 million. I will ask that any further budget actions, including reductions to current biennial appropriations, wait until after the February 22, 2002, meeting of the Economic Forecasting Advisory Board, when tax receipt forecasts are again reviewed for both fiscal year 2001-02 and 2002-03.

Nebraska's tax receipts continue to grow but at a slower pace than originally anticipated for this budget biennium. There are signs that Nebraska's economy might be more resilient than other states to the national economic recession. However, it is prudent for all of us to plan for the possibility that it may be necessary to make further reductions in general fund appropriations to ensure a balanced budget. I appreciate your ongoing efforts to reduce spending in a manner that preserves necessary services. I encourage you to continue this effort and to be prepared to implement further reductions as might be indicated when our tax receipt forecasts are reviewed on February 22, 2002.

My recommendations to the Legislature can be viewed at [www.budget.state.ne.us](http://www.budget.state.ne.us).